

**LAND BOARD AGENDA ITEM**  
**February 22nd, 2011**

**SET MINIMUM BID FOR LAND BANKING PARCELS # 589, 626,  
605, 606, 607, 624, 625, & 608  
TOOLE COUNTY**

<b>Seller:</b>	State of Montana, Department of Natural Resources and Conservation
<b>Nominators:</b>	Parcels 589 & 626 – Lessee, Chris Kolstad  Parcel 605 – Lessee, Fertheim Brothers  Parcels 606,607, 624 & 625 – Lessee, Dave McEwen  Parcel 608 – Lessee, Karl (Brian) Ratzburg
<b>Location:</b>	Parcels 589 & 626 – are located 30 miles southeast of Shelby.  Parcel 605 – is located 8 miles south of Shelby.  Parcels 606,607,624 & 625 – are located 32 miles northeast of Shelby.  Parcel 608 – is located 38 miles northeast of Shelby.
<b>Property Characteristics:</b>	Parcels 589, 626 & 605 – these parcels are sloping to steep native rangelands that are below average grazing productivity and income when compared to the grazing leases statewide.  Parcels 606,607, 624 & 625 – these are individual 40 acre parcels which are not connected and are surrounded by private land. They are about average for grazing production and one parcel has approximately 2 acres of agricultural ground.  Parcel 608 - the parcel is native rangeland that has slightly above average grazing production when compared to state wide average productivity.

**Access:**

Parcels 589,605,606,607,608,624 & 626 – These parcels are not legally accessible to the general public because they are surrounded by private land and there are no public roads or easements across private land to the state land. The parcels are fenced in with the adjacent private lands and it is difficult to distinguish the state lands from the private lands.

Parcel 625 – is accessible by a county road which crosses the corner for a short distance making it legally accessible. However, it is very difficult to determine the parcel boundaries and there are no unique terrain or habitat features to make the parcel valuable from a recreational standpoint.

**Economic Analysis:**

Short term – The rate of return on the sale parcels for Common Schools is 0.49%. The rate of return on the sale parcels for Public Buildings is 0.88%. They would continue to receive those returns if the parcels are not sold.

Long term – The sale of these parcels would result in acquisition of lands that generate a higher rate of return. To date the average annual rate of return on acquisitions has been 1.91%, on acquisitions with income generated from annual lease payments.

**Cultural/Paleontological Resources:**

The parcels nominated for sale were inventoried to Class III standards for cultural and paleontological resources in 2010. No *Antiquities*, as defined under the Montana State Historic Preservation Act, were identified on any of the aforementioned tracts. The underlying geology of most of the listed tracts is Two Medicine Formation sedimentary rock. Kevin Member Formation and Eagle Formation appear on a few of the parcels as well.

**Agency Recommendation:**

Parcel 625 does have legal access and was appraised in its “as is” condition of having legal access. Seven of the subject parcels, 589, 626, 605, 606, 607, 624 & 608, do not have legal access. Since no market data was available to the appraiser at the time of the appraisal to support a value conclusion of their “as is” condition of no legal access, those parcels were only appraised under the hypothetical condition of having legal access. Based on appraised values, the Director recommends the minimum bid amount as follows:

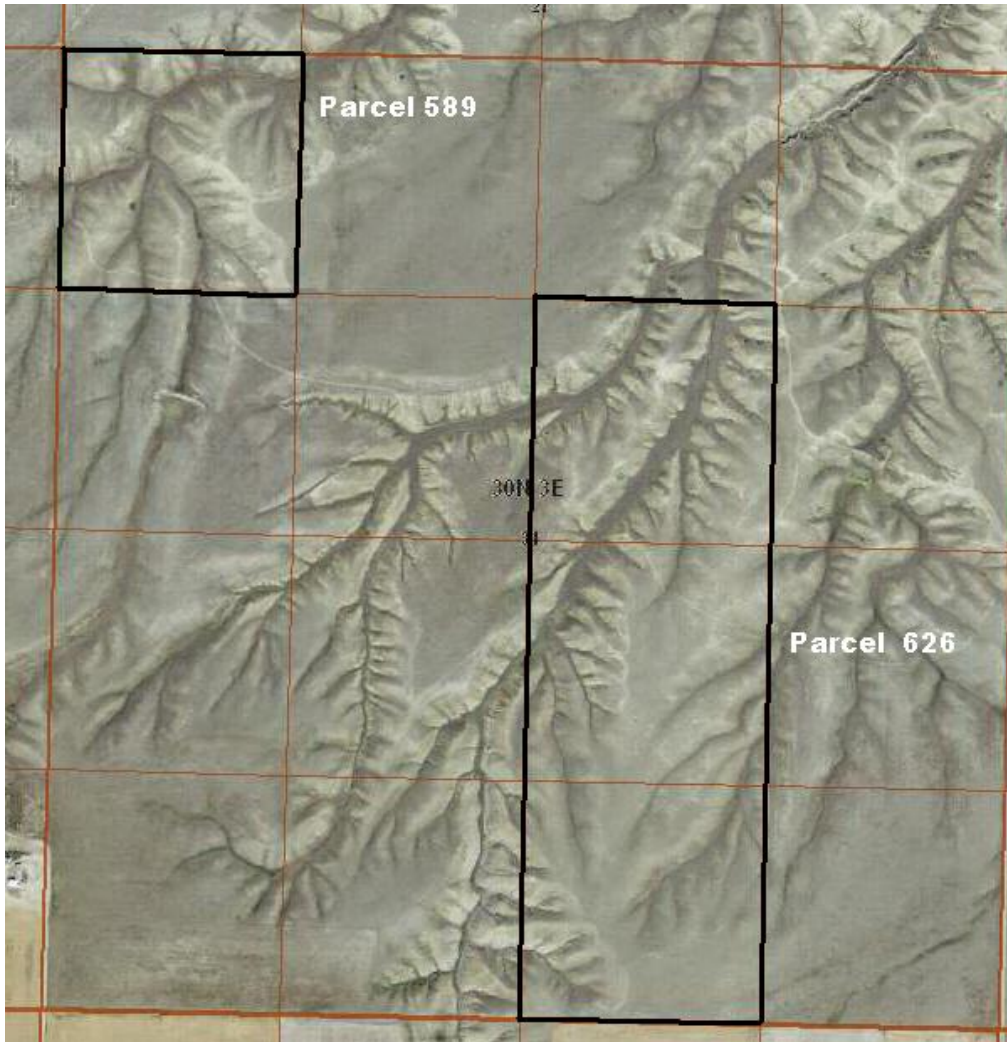
Sale #	# of Acres	Appraised Value With Access	Appraised Value Per Acre With Access	Appraised Value Without Access	Recommended Minimum Bid	Trust
589	40	\$6,000	\$150	N/A	\$6,000	Public Building
626	120	\$18,000	\$150	N/A	\$18,000	Public Building
605	78	\$11,700	\$150	N/A	\$11,700	Common Schools
606	40	\$12,000	\$300	N/A	\$12,000	Public Building
607	40	\$12,000	\$300	N/A	\$12,000	Public Building
624	40	\$12,000	\$300	N/A	\$12,000	Public Building
625	40	\$12,000	\$300	N/A	\$12,000	Public Building
608	40	\$12,000	\$300	N/A	\$12,000	Public Building

**Total                    \$95,700**

### Toole County Sale Location Map



**Sale #589 & 626**

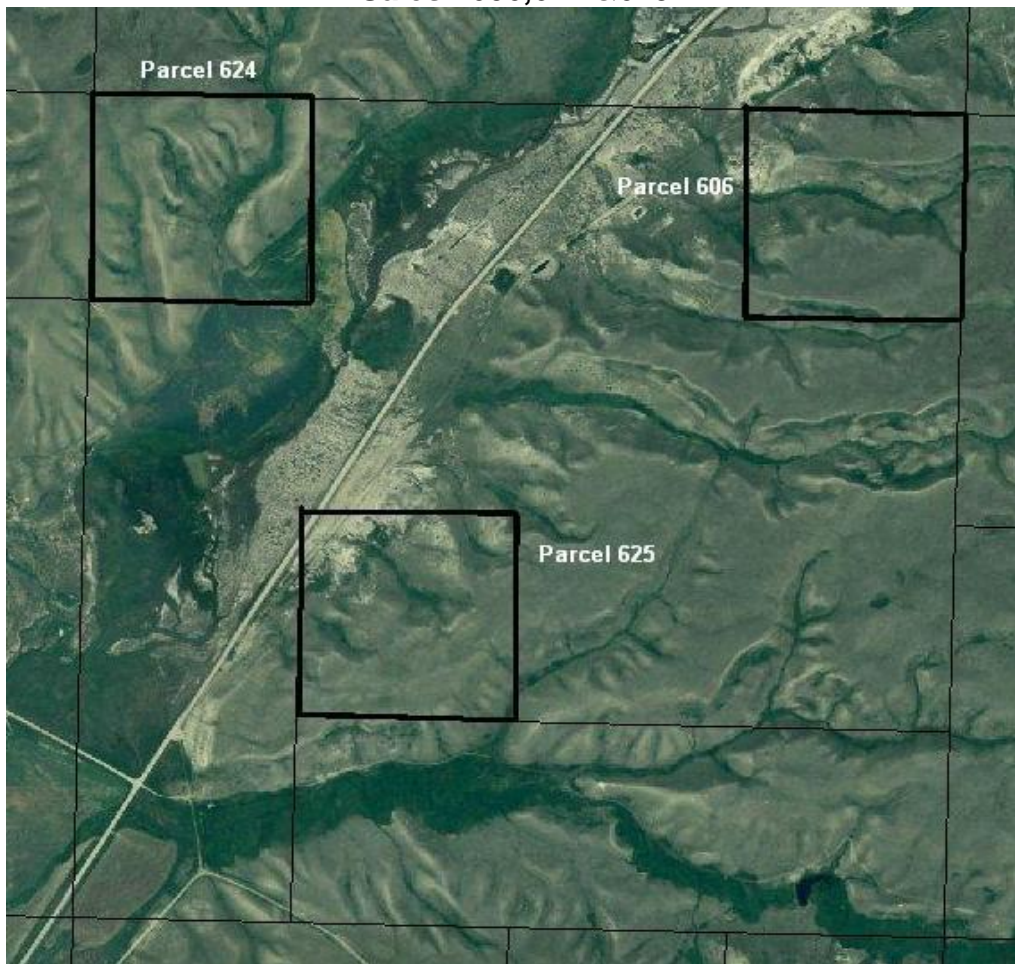


**Sale #605**





**Sales #606,624 &625**



**Sale #607**



**Sale #608**

